

AR48



Fairbanks Morse
(Canada) Ltd.

Tell

Interim Report

Six Months Ended June 30, 1969

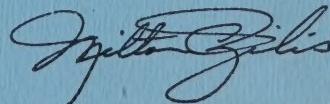
To the Shareholders:

During the first six months of 1969, the company incurred a loss of \$836,180, including an extraordinary item of \$550,000 representing estimated expenses and losses in connection with the phase out and disposition of manufacturing and operating facilities at Kingston, Ontario. Earnings for the comparable period in the prior year were \$91,685. Net sales for the first six months of 1969 totalled \$2,610,950, compared with \$6,482,548 in the prior year.

Because of the low volume of order input in recent months brought about largely by the curtailment of shipbuilding activity in Canada, the company ceased manufacturing operations at the Kingston Plant as of June 30th, 1969. Headquarters staff and functions located at Kingston, are presently being relocated to Montreal. It is anticipated that this move will be completed during August.

The company intends to continue its sales and distribution activities in Canada as in the past.

Submitted on behalf of the Board.



President

**Fairbanks Morse
(Canada) Ltd.**

141 Ontario Street,
Kingston, Ontario

CIT Industries



August 20, 1969

Fairbanks Morse (Canada) Ltd.

Summary of Income (Loss)

Six Months Ended June 30th

	1969	1968
Net Sales	<u>\$2,610,950</u>	<u>\$6,482,548</u>
Income (loss) before extraordinary item	<u>(286,180)</u>	<u>91,685</u>
Extraordinary Item:		
Provision for estimated costs of cessation of business and disposition of assets at Kingston (Note 1)	<u>550,000</u>	<u>—</u>
Net Income (loss) (Note 2)	<u><u>\$ (836,180)</u></u>	<u><u>\$ 91,685</u></u>

Note 1

As of June 30th, 1969, the Company discontinued its manufacturing operations at the Kingston Plant and intends to dispose of the related facilities. The above provision of \$550,000 has been made to cover estimated expenses and losses attributable to the discontinuance of operations and the disposition of assets at Kingston. An income tax recovery has not been anticipated on this provision.

Note 2

No provision for income taxes was required in 1968 due to the loss carry forward provisions of the Income Tax Act.

Source and Application of Funds

Six Months Ended June 30th

	1969	1968
Funds derived from Operations :		
Net Income (loss)	<u>\$ (836,180)</u>	<u>\$ 91,685</u>
Provision for Depreciation	<u>35,191</u>	<u>42,766</u>
Funds Applied to :		
Fixed Asset Additions	<u>\$ 7,721</u>	<u>\$ 145,626</u>
Increase (Decrease) in Working Capital	<u>\$ (808,710)</u>	<u>\$ (11,175)</u>

(Subject to year-end Audit)